

Status Report: April 13, 2011

### **SCOPE OF WORK**

#### **TASK 1: POSITION THE SURPLUS PROPERTY TO GENERATE HIGHEST OBTAINABLE VALUES PRIOR TO MARKETING TO DEVELOPERS**

##### **A. Obtain Funds to Advance Pre-Development Activities**

1. Identify and attempt to secure loan and / or grant programs to help fund Cal Expo's costs of predevelopment activities related to Tasks 1, 2, 3 and 4.

Status: We have initially researched potential funding programs at Sacramento Area Regional Council of Governments (SACOG) and California Strategic Growth Council. We intend to contact Great Valley Center (among others) and follow-up with both SACOG and CSGC. We should have preliminary information available for the June 24, 2011 Board meeting.

##### **B. Conduct Site Due Diligence to Evaluate Physical Constraints**

1. Complete threshold evaluation of physical factors that may significantly affect the reuse options, and identify the likely need for extensive infrastructure improvements (e.g. infrastructure, utilities, traffic capacity / improvements, etc.) as a result of planned redevelopment activities through discussions with, information provided by: (1) City of Sacramento; (2) County of Sacramento; (3) CalTrans; (4) SMUD, PGE; and (4) others.

Status: We have completed our initial round of meetings with the City of Sacramento (Planning, Transportation and Utilities), County of Sacramento (Transportation, Water and Sewer District), American River Flood Control District (ARFCD), SMUD, PG&E, Cal Trans. We are in the process of scheduling a meeting with Sacramento County Planning.

2. Identify the need for third party special studies (transportation planning, engineering analysis, drainage, etc) required to identify any "big ticket" off-site infrastructure improvements (including preliminary "order-of-magnitude" costs) based upon the discussions with effected agencies.

Status: As you are aware we have contracted with Civil Solutions to prepare an evaluation of flood and hydrology issues related to the Cal Expo site - in particular the eastern portion of the site that is designated AE (Floodway). We have recently received the preliminary information from Civil Solutions. We are analyzing that preliminary information in regard to potential solutions (and related costs) to the subject flood / hydrology issues, which will include additional follow-up discussions with ARFCD, Army Corps of Engineers, etc. This is an important matter because it directly affects the suitability (and economic feasibility) of development in that portion of the existing Cal Expo site for either private non-fair or fairground development. Thus far the flood / hydrology issue appears to be the one issue that requires third-party study under this Item B.2.

3. Coordinate the preparation of a Phase 1 environmental site assessment to determine if portions of the site need a more detailed toxic and hazardous soil analysis. Identify the extent of likely costs associated with any potential clean-up efforts and possible ways to minimize the costs such as locating less sensitive land uses ( e.g. retail versus residential and / or parking / open space) on the more toxic areas, as applicable.

Status: On hold

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4. Synopsise the findings (in the form of both text and graphics) from items 1 and 2 in a technical memorandum.

Status: We intend to have the initial draft summary of information available for the June 24, 2011 Board meeting. This will include a summary of traffic, environmental and other physical factors including:

- Easements and restrictions;
- Other adjoining uses if applicable;
- Environmental conditions (including flood/hydrology issues);
- Utilities and services;
- Traffic and circulation;
- Offsite infrastructure

**C. Conduct Stakeholder Outreach to Ascertain Support for Obtaining Necessary Approvals to Develop Private Non-Fair Uses on Surplus Property**

1. Meet with City and County staff representatives to identify best approach for processing of proposed private non-fair development plans including - annexation, General Plan amendment, zoning changes, large lot tentative map, requisite environmental documents, and potentially small lot tentative maps. (Note: not requiring close of escrow until land use approvals have been obtained and alleviating risks associated with obtaining approvals results in obtaining a “full price” for the disposition property).

Consideration may be given by the Cal Expo Board to take the role of lead agency for the purposes of preparing environmental review / documentation in accordance with California Environmental Quality Act ("CEQA") for impacts and mitigation at the master plan level - including annexation and a “project level” analysis of off-site impacts. The environmental documentation could then be used as the master document to tier off of for use on subsequent discretionary requests (e.g. annexation, General Plan amendment, zoning changes etc.).

Status: We have met with representatives of the City of Sacramento City Manager’s Office and Planning Department regarding a conceptual land use / entitlement approach for the designated private non-fair areas of the existing Cal Expo site. Based on such meetings and internal meetings with Cal Expo management we are preparing an outline of the potential land use / entitlement (including environmental review) approach – a summary of which will be presented to the Board on June 24, 2011.

2. Synopsise the findings from item 1 in a technical memorandum.

Status: We intend to have preliminary information available for the June 24, 2011 Board meeting. The preliminary information will include a description of public land use policy for property and procedural requirements for obtaining entitlement/approvals, and reference any community special interests/concerns.

**D. Refine Land Use Program and Conceptual Redevelopment Plan to Demonstrate Floor of Value from Highest and Best Use Package for Reuse of Property**

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1. Meet with Cal Expo representatives to: (a) review planned programmatic requirements developed in previous planning efforts and update as necessary; (b) review the strategic development plan prepared as part of the previous planning effort (Task 3); and (c) establish any refinements to the planned programmatic requirements.

Status: Complete

2. Prepare refined fairground redevelopment plan utilizing the refined planned programmatic requirements generated in Item 1. above and the site due diligence and stakeholder outreach from Tasks B and C. Conceptual redevelopment plan will:

(a) refine the “core” area associated with the fairground as a means of refining the extent of lands available for private non-fair development;

(b) illustrate building footprints, planned facilities (arenas, livestock areas, amphitheater, etc.), improved open space areas, parking, gates, convenience facilities, operational facilities, and others, as required;

(c) identify programmatic elements (existing / potential) for each of the buildings, facilities, open space areas etc.; and

(d) identify refined preliminary cost estimates; and

(e) prioritize improvements for Cal Expo / State Fair tied to phasing and timing of disposition and development opportunities and other sources of funding for modernization program.

Status: Work on this item has started - however we will not be able to complete the preliminary work on this item until we complete the research / due diligence from Items B.1, B.2 and D.3.

3. As part of conceptual redevelopment plan, refine and illustrate potential development opportunities (real estate products, product mixes, etc.) for the designated private non-fair development areas.

Status: We have completed the interviews / meetings with various private development and brokerage entities. We have submitted notes from those meetings to Cal Expo management... Once we receive the information from Items B.1 and B.2 we will begin preparing this item along with Item D.2. We intend to have preliminary information available for the June 24, 2011 Board meeting. This will include preliminary information regarding refined estimates of gross and net value that potentially could be derived by Cal Expo from the sale and /or long-term leasing of areas designated for private non-fair development, taking into account cost responsibilities associated with required off-site public improvements, etc, due diligence results in Items B, C and D.

4. Prepare development standards and design guidelines for preferred set of uses for non-fair development (non-residential and residential) for use by Cal Expo to review proposed development plans submitted to Cal Expo. The intent is to have established standards and criteria (site planning, architectural, landscape, signage, lighting etc.) for proposed developers to adhere to as a means of ensuring that proposed private non-fair development plans are compatible, and are integrated with the fairground facility.

Status: To begin subsequent to Board policy direction regarding preferred strategic development plan concept (anticipated at the June 24, 2011 Board meeting).

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5. Synopsise the findings (in the form of both text and graphics) from items 1 through 4 in a technical memorandum.

Status: To begin subsequent to Board policy direction regarding preferred strategic development plan concept (anticipated at the June 24, 2011 Board meeting).

**E. Identify Financing Sources**

1. Work with State Department of General Services ("DGS") and City of Sacramento representatives to identify the potential for State tax increment finance, as well as local tax increment finance opportunities related to the planned private non-fair development components of the Cal Expo site.
2. Identify and assess the potential of federal, state, regional and / or local financing sources and mechanisms for installation of infrastructure or other public improvements to accommodate the planned fairground redevelopment and facility and private non-fair development.

Status: We have begun to outline financing sources and mechanisms; and will refine, revise and augment subsequent to Board policy direction regarding preferred strategic development plan concept (anticipated at the June 24, 2011 Board meeting).

**F. Synthesize into Recommended Marketing, Approvals and Disposition Strategy**

1. Prepare a recommended strategy that identifies key features of developer solicitation and buyer selection process as well as and use approval processing elements. Rather than conventional bid process, strategy will include recommendation for competitive negotiation process that allows Cal Expo to consider a buyer's price and ability to help secure approvals for highest and best use development, using as policy criteria "highest and most certain return". Strategy may call for separate solicitations for the proposed non-residential and residential uses.

Status: To be refined, revised and augmented subsequent to Board policy direction regarding preferred strategic development plan concept (anticipated at the June 24, 2011 Board meeting). We intend to:

- Outline implementation tactics to accomplish strategy. This includes identification of advertisement of the opportunity e.g. marketing/solicitation brochure which we have started to outline, as well as potential bidders, which we have also started to identify with positive feedback. In addition we have begun to set the stage for identifying whether incentives from the City or other sources may be available, and if so, what they are and their related terms and conditions.
- One issue / question will be whether sufficient funds will be available to move through the process or would Cal Expo merely require a significant deposit from would-be buyers under a purchase and sale agreement. Alternatively, for certain uses or parcels, we may find it worthwhile to consider an approach providing for options with a minimum option price or other consideration, the time frame for the resolution of the physical or other issues (that could apply to either fair or private non-fair areas) and if the option is not exercised within the stipulated time frame all work product reverts to Cal Expo and option price or consideration is retained by Cal Expo.

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- 2 Prepare refined estimates of gross and net value that potentially could be derived by Cal Expo from the sale and / or long-term leasing of areas designated for private non-fair development taking into account cost responsibilities associated with off-site public improvements, etc.

Status: Interviews have been conducted to ascertain interest and confirm value estimates, which will be refined as information about infrastructure costs and other potential mitigation items becomes available. Also see Item D.3. above

3. Package materials (Items A through E) for use in preparation of Request for Proposals ("RFP") document(s) for soliciting proposals from prospective developers.

Status: We have begun outlining and will refine, revise and augment subsequent to Board policy direction regarding preferred strategic development plan concept (anticipated at the April 29, 2011 Board meeting).

